ATTACHMENT A

Questions for AB 2021 Implementation Workshop
Friday, April 20, 2007

Assembly Bill (AB) 2021 (Levine, Chapter 734, Statutes of 2006) requires that the Energy Commission, in consultation with the California Public Utilities Commission (CPUC) and local publicly-owned utilities (POUs) in a public process, develop a statewide estimate of "all potentially achievable cost-effective electricity and natural gas efficiency savings and establish statewide annual targets for efficiency savings and demand reduction" over the next 10-year period. This legislation establishes significant new policies regarding energy efficiency and its role in POU resource planning. POUs are mandated to consider efficiency as a preferred resource, estimate efficiency potential and establish targets for achieving that potential.

The CPUC adopted "aggressive" annual and cumulative energy savings goals in D.04-09-060 for the four largest investor-owned utilities (IOUs) over the period 2004-2013. Electric and natural gas savings from energy efficiency programs funded through the public goods charge and procurement rates contribute to these goals. AB 2021 extends the obligations for achieving all cost-effective feasible energy efficiency to POUs by having the Energy Commission prepare a statewide estimate of potential and establish annual targets over 10 years.

This workshop is the first in a series that will provide a forum for discussion and comment by policy makers, regulators, parties, and stakeholders. This first workshop will focus mainly on legislative intent, work in progress, and process issues. The second workshop in July 2007 will cover issues associated with realizing the potential, measuring progress toward the goals and using this information in resource planning. One or two workshops are scheduled for August 2007 to present and discuss the Energy Commission's findings and proposed recommendations.

Energy Commission's Role in Setting Statewide Energy Efficiency Targets

1. How should the Energy Commission incorporate the energy efficiency potential for POUs and IOUs into a total estimate of statewide potential and targets? What factors should be considered?

2. How will the AB 2021 targets interface with other goals mandated for the POUs and IOUs (note other legislation such as AB 32 and the RPS)?

3. What years should the ten-year targets required by AB 2021 cover (e.g. 2007-2016, 2008-2017)?

4. How should the three-year update cycle to the statewide potential and goals be synchronized with the biennial IEPR cycle? With the CPUC program planning cycle?

5. What metrics should the Energy Commission use to review the reasonableness of energy savings targets received from the POUs? Are these the same metrics to use in comparing IOUs and POUs?
    - Energy savings as a percent of economic potential?
    - Energy Savings as a percent of sales?
    - Efficiency investments as a percent of revenues?
    - Net resource benefits or cost effectiveness ($/kWh)?
    - Total Resource Cost Test?
    - Avoided costs?
    - Others?

Current Potential Studies of the IOUs and POUs: Similarities and Differences

Determining all potentially achievable cost-effective savings requires a framework for analyzing cost-effectiveness and input assumptions. Rocky Mountain Institute (RMI) and Itron are currently engaged in potential study efforts relevant to AB 2021. What are the significant similarities and differences in these efforts?

1. What should be included in potential studies (e.g., measures, practices, program types, etc.)? Are there circumstances where these would be different for IOUs and POUs? How should this relate to each utility's annual portfolio reporting requirements?

2. What are the key terms and definitions used by the CPUC in the IOU potential studies? Examples would be definitions of cost-effectiveness, achievable savings, and peak savings. Are there instances of key terms and definitions that may vary across the different potential studies? What is the significance of these differences? How should differences be handled by the Energy Commission in making the statewide estimate?

3. What are the key assumptions in each of the current IOU and POU potential studies and what are the methods used for their determination? Examples would include assumptions about avoided costs of energy and inclusion of different types of costs (i.e., power plant, fuel, transmission, distribution, environmental costs, others). What is the rationale for different assumptions and methods between the two?

4. Identify how the IOUs and POUs plan to develop achievable potential from economic potential. What are the key considerations for each when making this transition? What are the implications for program planning for each type of utility?